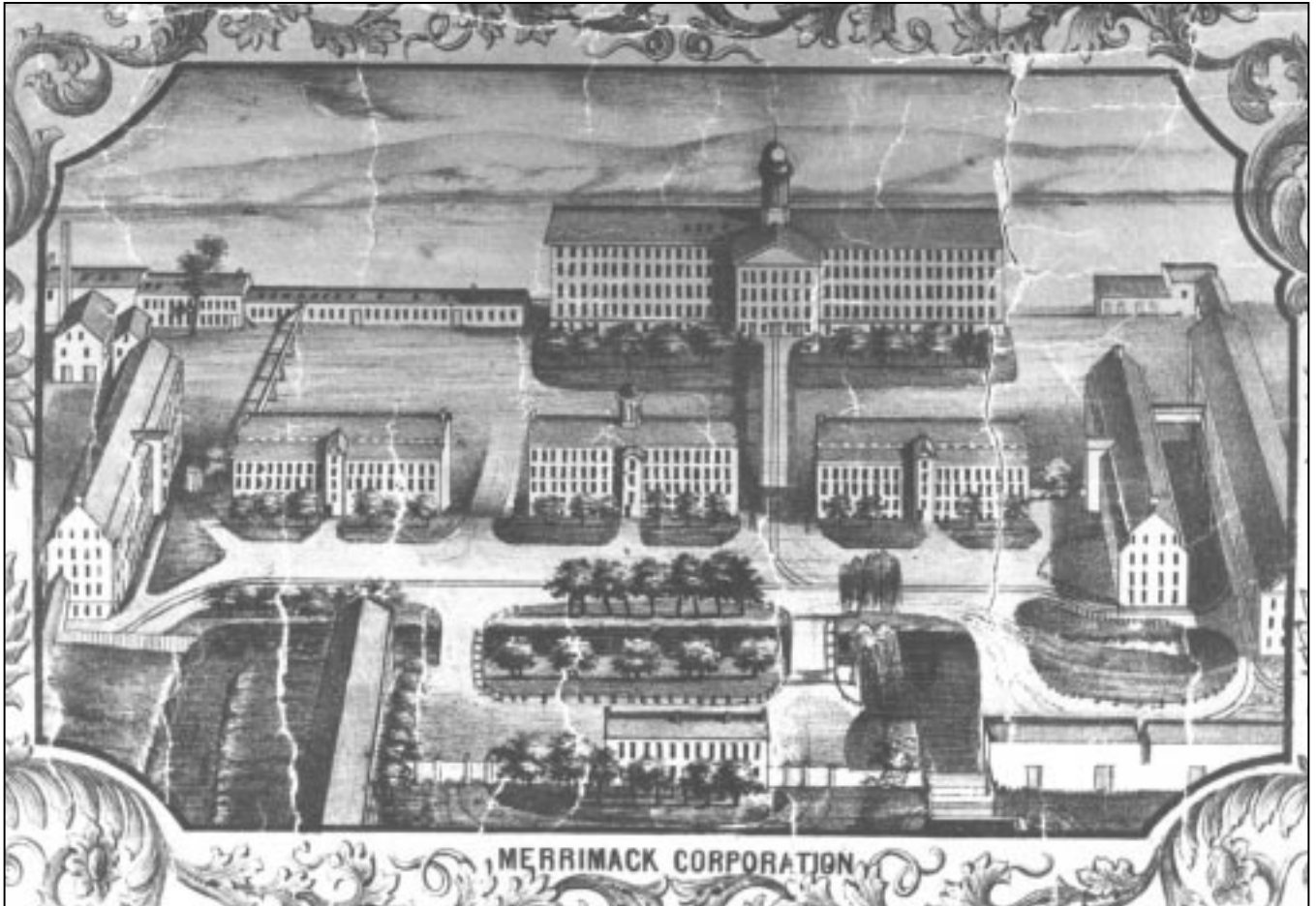


---

---

# Combining and Individual Fund Statements and Account Group Schedules

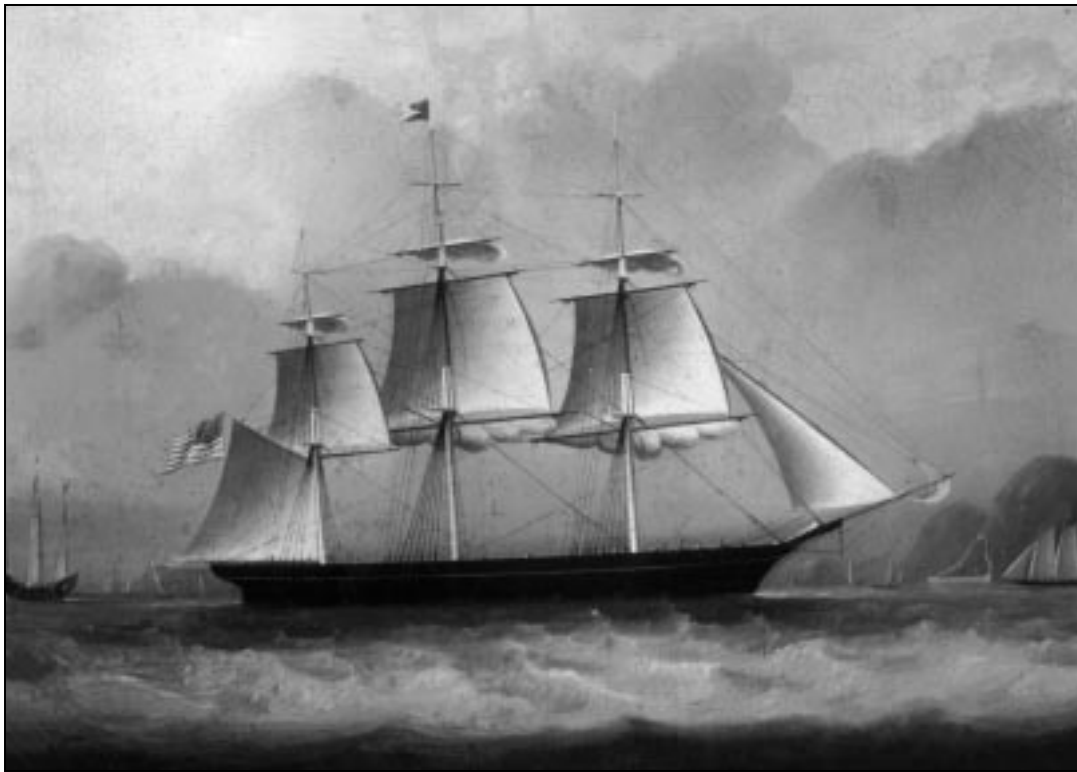


As the Industrial Revolution in the United States intensified in the first half of the 19<sup>th</sup> century, the young nation's social and economic fabric changed dramatically. Though still primarily agricultural, America was transforming itself into a nation of urban manufacturing centers. Enterprising merchants and capitalists organized corporations to develop and control the productive forces of emerging industries, while growing numbers of working people found employment as wage laborers in factories. Cotton textiles, the foundation of America's Industrial Revolution, fostered not only working-class wage labor in the mills, but also supported slave labor on the cotton plantations in the South.

Founded by Boston merchants in 1821-22, Lowell was built as a factory city along the Merrimack River to take advantage of the waterpower potential of the Pawtucket Falls; within one mile, the river plunged 32 feet. Francis Cabot Lowell, for whom the city is named, had observed British techniques for weaving textiles, and with the aid of mechanic Paul Moody produced a successful power loom. In 1814, Lowell and other investors erected a water-powered mill in Waltham, Massachusetts, which carried out all the steps of textile production- carding, spinning, and weaving. More and more mills were built in subsequent years to use the power generated by the flowing and falling water. The ability of the dam to power many mills created conditions that economists describe as economies of scale.

By 1850, Lowell had grown beyond all expectations. The city had a population of 33,000, the second largest in Massachusetts, and its ten mill complexes employed more than 10,000 women and men.

Photography and text courtesy of the Lowell National Historical Park, Lawrence Public Library  
Text from *Engines of Enterprise – An Economic History of New England*, Harvard University Press



*Fishing and shipbuilding were intertwined. By 1675, according to one English observer, there were thirty master shipwrights working in Massachusetts and New Hampshire ports. Along with producing a valuable export commodity, the expansion of the regional shipbuilding industry allowed New Englanders to exercise greater control over the region's commerce.*

*Not content with managing the fishing trade off Cape Cod, Boston and Salem merchants exercised a near monopoly on trade with fisheries near the new English colony of Newfoundland as well, where they aggressively competed with merchants from England for commercial control. New England traders supplied the fishermen with tobacco, sugar, pitch, rum, and other provisions on credit at huge markups in exchange for their future catches, then vended the fish to British and European ships that came directly to the banks in exchange for cloth, iron, and wine. The Newfoundland trade became extremely important in the eighteenth century, and it made the fortunes of many Boston merchants. Merchants on the New England coast picked up tobacco and provisions in Maryland and Virginia, and hide and turpentine off Cape Fear in North Carolina. One recent estimate suggests that the coastal trade was worth 304,000 sterling by the decade before the Revolution; others put it at over 400,000 or nearly equal to the annual value of New England's foreign trade.*

*Through retailing imports, New England merchants gained valuable market information that made later efforts at import substitution possible. They learned about the capacities of domestic markets; which items sold well in various markets; and the tastes of local consumers. Also, by conducting this commerce themselves, in locally made and locally owned ships, New Englanders profited not only from the sale of goods, but also from the sale of services - freight costs, insurance, interest charges on credit - that would otherwise have accrued to English shippers. These earnings from shipping, or so-called invisible exports, the value of which even the colonists themselves consistently underestimated, constituted the region's single most valuable export commodity.*

*The Far East trade went a long way toward resurrecting New England's maritime economy after the Revolution. In the quarter century between 1784 and 1807, maritime commerce was the breath of life for Massachusetts. Trade routes were established for silks, pepper, teas, seal skins, otter skins, sandalwood, and furs to and from Boston, the American Northwest, the Dutch East Indies, Nagasaki, Canton and India.*

*In 1793, the pepper trade earned Salem merchant-adventurers a 700 percent profit.*

Photography of the clipper ship *Sea Serpent* courtesy of the Bostonian Society  
Text from *Engines of Enterprise - An Economic History of New England*, Harvard University Press